

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES
PRIORITY MAIL EXPRESS, PRIORITY MAIL &
FIRST-CLASS PACKAGE SERVICE CONTRACT 15
(MC2017-97)
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2017-137

**USPS NOTICE OF AMENDMENT TO
PRIORITY MAIL EXPRESS, PRIORITY MAIL &
FIRST-CLASS PACKAGE SERVICE CONTRACT 15,
FILED UNDER SEAL
(August 17, 2018)**

The Postal Service hereby provides notice that the terms of Priority Mail Express, Priority Mail, and First-Class Package Service Contract 15, in the above-captioned proceeding, have changed as contemplated by the contract's terms. A redacted version of the amendment to Priority Mail Express, Priority Mail, and First-Class Package Service Contract 15 is provided in Attachment A, and the unredacted amendment is being filed under seal. The amendment will become effective two business days after the day that the Commission completes its review of this filing.

This amendment will not materially affect the cost coverage of Priority Mail Express, Priority Mail, and First-Class Package Service Contract 15. Therefore, the supporting financial documentation and financial certification initially provided in this docket remain applicable. The Postal Service hereby incorporates by reference the Application for Non-Public Treatment originally filed in this docket, for the protection of the customer-identifying information that has been filed under seal.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

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August 17, 2018

ATTACHMENT A

**REDACTED AMENDMENT TO PRIORITY MAIL EXPRESS, PRIORITY MAIL &
FIRST-CLASS PACKAGE SERVICE CONTRACT 15**

AMENDMENT #1
OF
SHIPPING SERVICES CONTRACT
BETWEEN
THE UNITED STATES POSTAL SERVICE
AND
[REDACTED]
REGARDING
PRIORITY MAIL EXPRESS,
PRIORITY MAIL
AND
FIRST-CLASS PACKAGE SERVICE

WHEREAS, the United States Postal Service ("the Postal Service") and [REDACTED] ("Customer") entered into a Shipping Services Contract regarding Priority Mail Express, Priority Mail and First-Class Package Service, Contract 15/Docket No. CP2017-137, on February 27, 2017.

WHEREAS, the Parties desire to amend the terms in Sections I.A., I.B., I.C., I.E. and I.G. of the Contract.

NOW, THEREFORE, the Parties agree that the contract is hereby amended as detailed below. The existing contract remains unchanged in all other respects. This amendment shall become effective two (2) business days following the day on which the Commission issues all necessary regulatory approval.

[Replace Section I.A., I.B., I.C., I.E. and I.G. not including Tables B and 1 through 9, add Table C and add I.J., as follows.]

I. Terms

- A. Except to the extent different terms or prices are specified in this contract, applicable provisions of the Domestic Mail Manual (as may be regularly updated by the Postal Service and posted at http://pe.usps.com/text/dmm300/dmm300_landing.htm) and of other postal laws and standards, including USPS Publication 52 Hazardous, Restricted, and Perishable Mail, apply to mail tendered under this Contract.
- B. This contract applies to Customer's inbound and outbound packages, as follows (collectively "Contract Packages"):
 - 1. Customer's Priority Mail Express packages [REDACTED]

2. Customer's Priority Mail packages [REDACTED] and [REDACTED]
3. Customer's First-Class Package Service – Commercial packages [REDACTED]

Customer shall not extend pricing to a third party under this Contract, including commercial published pricing for the products defined in Section I.B, or any prices below commercial published pricing.

C. Customer will manifest Contract Packages as specified by the Postal Service, using a separate permit number and/or PC Postage account to ship such packages, and will use the Electronic Verification System (eVS), other USPS approved manifest systems, or USPS approved PC Postage vendors for payment of such packages. Customer shall provide the Postal Service, in writing, a list of its permit numbers and/or PC Postage accounts for approval. Contract pricing for any newly approved permits and/or PC Postage accounts will be effective within fifteen (15) business days after the Postal Service receives written notification from Customer. Only Contract Packages, and Customer's other Priority Mail Express, Priority Mail and First-Class Package Service-Commercial packages ("Total Packages") shipped from authorized permits and/or PC Postage accounts shall count toward the volume commitment in Section I.E below.

E. Volume Commitment. Customer should ship at least a quarterly average of [REDACTED] Total Packages.

G. Contract Prices. With the effective date of this Amendment, Customer shall receive Tier 1 pricing until December 31, 2018. Subsequent tier pricing will be based on Customer's minimum quarterly average of Total Packages shipped during the term of this Contract, as follows:

1. Beginning January 1, 2019, tier pricing will be determined by the minimum quarterly average of Total Packages shipped during the term of this Contract provided that shipping history prior to October 1, 2018 is excluded from the quarterly average calculation. If the quarterly average of Total Packages shipped falls below the minimum volume set for Tier 1 pricing, the Postal Service at its sole discretion has the right to revert Customer to the most current Priority Mail Express Commercial Plus, Priority Mail Commercial Plus and published First-Class Package Service-Commercial prices for the subsequent Contract Quarter.
2. Customized prices for this Contract will be based on a rolling four (4) quarter average. Following December 31, 2018, the average will be based on the number of Total Packages shipped divided by the number of full Contract Quarters achieved. At the conclusion of the first four (4) full Contract Quarters, pricing for subsequent quarters will be calculated by the number of Total Packages shipped in the previous four (4) Contract Quarters divided by four (4).

For example, the quarterly average of Total Packages shipped for the period October 1, 2018 through December 31, 2018, will determine the tier pricing as of January 1, 2019. At the conclusion of each quarter, the Postal Service will calculate the number of Total Packages and the number of applicable quarters to calculate and apply the appropriate rate table within fifteen (15) calendar days of the conclusion of that quarter. Table C below illustrates the method in determining tier level and corresponding prices.

Table C

Contract Year (CY) 2	Tier Determination
Quarter 3	Tier 1 (July 1-September 30, 2018)
Quarter 4	Tier 1 (October 1-December 31, 2018)
Contract Year (CY) 3	Tier Determination
Quarter 1	Total Packages Shipped (CY2 Q 4) ÷ 1
Quarter 2	Total Packages Shipped (CY2 Q 4 + CY3 Q1) ÷ 2
Quarter 3	Total Packages Shipped (CY2 Q 4 + CY3 Q's 1&2) ÷ 3
Quarter 4	Total Packages Shipped (CY2 Q4 + CY3 Q's 1,2&3) ÷ 4

- J. Record Keeping and Audit. Customer shall respond to the Postal Service's or its designated auditor's quarterly and/or yearly transaction confirmations related to Postal Service transactions; and such other assistance as required by the Postal Service or its designated auditors in connection with Customer's performance under this Contract.

IN WITNESS WHEREOF, the Parties hereto have caused this amendment to be duly executed as of the later date below:

UNITED STATES POSTAL SERVICE

Signed by: 

Printed Name: ^{for} Dennis Nicoski

Title: Senior Vice President, Sales and Customer Relations

Date: 8/15/18

